



The Detroit News

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Metro Edition

GM, CHRYSLER RAISE AID REQUEST BY \$21.6B

VIABILITY PLANS UNDERSCORE WORSENING CASH CRISIS

Bankruptcy word won't go away

By DAVID SHEPARDSON
Detroit News Washington Bureau

WASHINGTON — General Motors Corp. and Chrysler LLC laid out in stark terms Tuesday the costs of a bankruptcy filing amid the mounting financial woes of the domestic automakers.

The two automakers say they would need a combined \$49 billion in government financing to enter bankruptcy court, quickly win concessions from unions and bondholders and emerge in as little as two months.

The option — opposed by the automakers — was studied at length in recent months by the automakers and remains an option of last resort if the Treasury Department isn't willing to give billions more to GM and Chrysler by March. Both automakers have hired bankruptcy advisors.

GM laid out three bankruptcy

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Carmakers' nightmare continues



DANIEL HOWES

This slow, twisting automotive torture is not going to end anytime soon.

Tuesday, the race to see the "viability plans" from General Motors Corp. and Chrysler LLC revealed details that are even worse than feared. On March 31, the feds will be asking whether the automakers have made enough progress — or whether Treasury Secretary Tim Geithner should just call the loans and push 'em into bankruptcy.

But he won't, because GM and Chrysler say they'll already be there without more taxpayer money, a lot more, from the federal government.

The stunning new cash needs

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WHAT THEY PLAN TO DO

GENERAL MOTORS CORP.

PLANTS
Close 14 by 2012, five more than previously announced.

BRANDS
Close or sell Hummer by end of March; bankruptcy possible for Saab without Swedish government bailout. May eliminate Saturn by 2011 if deal not reached with dealers. Eliminate four more models.

DEALERS
Cut 2,100 dealers by 2014.

EMPLOYEES
Cut 47,000 workers worldwide — 37,000 hourly and 10,000 salaried — including 20,000 in the U.S.

MORE MONEY
Seeks \$16.6 billion in cash and credit lines on top of \$13.4 billion already received.

FOREIGN AID
Expects \$6 billion from foreign governments.

SUPPLIERS
Expects to reduce North American supplier base by 30 percent.

CHRYSLER LLC

PLANTS
No new closings.

MODELS
Dodge Durango, Chrysler Aspen won't resume production; Chrysler PT Cruiser will be discontinued.

DEALERS
Reduce dealer margins.

EMPLOYEES
Cut 3,000 workers, eliminate one shift at undisclosed plant.

MORE MONEY
Seeks \$5 billion more on top of \$4 billion already received.

FIAT DEAL
Seeks to complete tie-up, giving Italian carmaker 35 percent equity stake.

ASSET SALES
Will sell \$300 million in nonearning assets.

DEBT HOLDERS
Secondary debt holders expected to convert all debt to equity, reducing outstanding debt by \$5 billion.

OTHER
Cut \$700 million in fixed costs, reduce production capacity by 100,000 vehicles, renegotiate supplier contracts.

Bailout to two automakers could reach \$39B

By CHRISTINE TIERNEY AND DAVID SHEPARDSON
The Detroit News

General Motors Corp. and Chrysler LLC asked Washington for as much as \$21.6 billion more Tuesday to stave off bankruptcy, citing worsening economic conditions in new business plans that are likely to provoke fresh criticism of Detroit's embattled auto industry.

Their pleas for more aid, raising the tab for the auto industry's rescue above \$40 billion — including requests from suppliers — present a major challenge for the new administration of President Barack Obama. The government wants to help the domestic industry restructure but faces mounting bailout fatigue across the nation.

Yet since the government extended the first emergency loans in December, the already weak U.S. auto market has collapsed to its lowest level since the 1980s.

"In the 11 weeks since the filing

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Big 3, UAW reach pact on givebacks

By LOUIS AGUILAR
The Detroit News

The United Auto Workers has reached tentative agreements with Detroit's Big Three automakers on cost-cutting concessions to their 2007 national labor pacts, but talks continue over changes to retiree health care funding.

Neither the automakers nor the union would discuss details of the agreements on Tuesday, but people familiar with the discussions at General Motors Corp. and Ford Motor Co. say the deals do not include wage cuts. The sources also said there are no significant differences in the tentative pacts with the three automakers.

GM and Chrysler LLC have been in negotiations with the UAW to hammer out concessions under the terms of a \$17.4 billion federal loan package to keep them afloat. Ford Motor Co. wanted similar givebacks though it is not seeking immediate government aid.

The loan terms called for GM and Chrysler to cut labor costs to be

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Chrysler Warranty Center employee Anthony Morris of Warren discusses the automaker's profitability plan. Workers say they are worried about restructuring.



Todd McInturf
The Detroit News

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Company may run out of money as early as next month. **6A**
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Chrysler: Fed help is better for taxpayers than bankruptcy. **7A**

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Will GM and Chrysler get help or lapse into bankruptcy? Vote in CyberSurveys, read the text of the bailout plans, view photos, watch video of the news conferences. Go to AutosInsider.com.

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COMING TOMORROW:
DETROIT'S INDUSTRIAL SITES

Bankruptcy

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scenarios in its 117-page submission, warning that a bankruptcy could cost the federal government as much as \$86 billion, and could have other painful effects on suppliers, dealers and consumers.

The quickest option for GM — a pre-packaged bankruptcy — would require government financing of \$25 billion and would nearly wipe out shareholders. The second option is a “pre-negotiated cram-down plan” where GM would seek to wipe out more debt with new shares of stock than under the first option. It could take between 90 days and six months and could require up to \$37 billion in government financing.

The third traditional bankruptcy route can take two years or more to negotiate an exit and could cost the government in total up to \$86 billion.

Chrysler said it would need the government to provide it with \$24 billion in debtor in possession financing.

Chrysler warned that a bankruptcy would have “severe social and economic consequences for both Chrysler and the broader U.S. economy.” The Treasury Department might get as little as 3 percent of its \$4 billion back if it were forced into bankruptcy,



David Guralnick / The Detroit News

Rick Wagoner, chairman and CEO of General Motors, is trying to keep the automaker from filing for bankruptcy, at a cost of \$86 billion.

Chrysler said.

If the government refused, Chrysler would be forced to liquidate over the next 24 to 30 months. Chrysler would close 29 manufacturing facilities and 22 parts depots immediately, putting 40,000 U.S. employees of Chrysler out of work. It would also force the closure of 3,300 dealers with 140,000 employees.

Chrysler would leave \$7 billion in outstanding auto supplier invoices unpaid.

The strongest argument both automakers make in opposition to bankruptcy is that a filing would cost the government far

more — and place hundreds of thousands of jobs at risk — in a fragile economy. It might scare away many customers wary of buying vehicles from a bankrupt company, citing concerns about warranties and replacement parts.

But bankruptcy experts say a bankruptcy filing may be unavoidable, especially if auto sales remain at near record-lows.

The strongest argument for bankruptcy is that it would give the automakers a court-overseen process that would force its unions and bondholders to accept massive concessions, allowing the

companies to emerge smaller and leaner and with a more manageable debt structure.

Many in Congress and some experts argue that bankruptcy is the only way to force the concessions necessary. If the bondholders and UAW haven't agreed to concessions by March 31, Treasury Secretary Timothy Geithner could call back the loans the automakers have received.

“An extremely weak sales environment, the terms and conditions of the loan agreements themselves, and the deeply distressed supply base may make a Chapter 11 filing by one or both companies impossible to avoid,” bankruptcy attorneys at Plunkett Cooney said in a report Tuesday.

The automakers will continue to shrink. GM — which had 195,374 employees in 2000 — will shrink to 72,550 by 2012, a loss of more than 120,000 jobs though some were lost through divesting units.

GM will see its manufacturing plants cut almost in half from 59 in 2000 to 33 by 2012.

President Barack Obama's spokesman, Robert Gibbs, told reporters aboard Air Force One on Tuesday that he wouldn't rule out bankruptcy for the Detroit automakers, noting “there are different paths that can be chosen.”

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GM's cash needs grow in slipping market

■ Carmaker could run out of money as early as next month, may need up to \$16.6B more from feds.

By ROBERT SNELL
The Detroit News

DETROIT — General Motors Corp. will need as much as \$16.6 billion more in federal loans and credit lines if market conditions worsen but could run out of money as early as next month, forcing the automaker into bankruptcy.

GM needs \$2 billion more in March and \$2.6 billion in April to stay afloat. The automaker has received \$13.4 billion so far and the new requests would bring the automaker's total to \$30 billion.

A restructuring plan GM submitted Tuesday to the U.S. Treasury Department illustrates how the automaker will repay the aid that has kept the company operating since it nearly ran out of cash in December. GM plans to begin repaying the loans in 2012.

The plan, which will shrink and transform an iconic American company, built upon a Dec. 2 submission to Congress that provided a restructuring framework. The plan analyzes the bankruptcy possibility but focuses on restructuring with global cuts that hit workers, dealers, bondholders and facilities. Under the plan, GM would become sustainable and profitable within 24 months.



Carlos Osorio / Associated Press

Jerry Motter has worked at the GM truck plant in Pontiac for 30 years. The automaker would eliminate 47,000 workers and five more factories under a plan submitted to the Treasury Department on Tuesday.

"We believe bankruptcy would be highly risky and a very costly process, potentially very time consuming and should only be undertaken as a last resort," said GM chairman and CEO Rick Wagoner. New details call for:

■ Continuing talks with dealers about the future of Saturn, which

could be eliminated in 2011 unless dealers offer an alternative.

■ Eliminating 47,000 workers — 37,000 hourly and 10,000 salaried — around the world this year, including 20,000 workers in the United States. In GM's Dec. 2 submission to Congress, the automaker said it would cut up to 31,000

jobs.

■ Shutting five more plants in North America, bringing the total to 14 plant closures within the next three years.

■ Eliminating the Hummer brand by March 31 if a deal is not reached with prospective buyers.

■ Reorganizing Saab as early as

this month if a deal cannot be reached with the Swedish government. That would leave GM with four core brands: Chevrolet, Cadillac, GMC and Buick.

An effort is under way to spin off Saturn. A team of Saturn officials, dealers and consultants expect to have a framework within 60 days for a new company that could partner with an outside manufacturer, possibly a foreign one, to build Saturn vehicles, said Dan Jonuska, a Scottsdale dealer who has been meeting with GM about the brand's future.

"It sounds a little pie in the sky, but we're pretty excited," he said late Tuesday. "Maybe this is the best thing that's ever happened."

GM's cash needs have grown as the industry sales market has tanked. GM sought \$18 billion in aid before former President George W. Bush approved \$17.4 billion for GM and Chrysler LLC late last year.

GM told Congress that it could need \$15 billion by March 31 if the U.S. sales rate fell to 9.9 million vehicles a month on an annualized basis in the first quarter. The rate fell to 9.6 million in January.

In its new plan, GM lowered its break-even point in the North American market to a sales rate of 11.5 million to 12 million vehicles from 12.5 million to 13 million.

In its original loan request, GM assumed it would be able to refinance a \$4.5 billion revolving cred-

it line that's due in 2011. But it no longer believes that would be possible as credit markets have dried up amid the global economic crisis.

Consequently, GM is asking for \$4.5 billion in additional loans, plus a \$7.5 billion revolving line of credit if the market continues to deteriorate.

In the plan, GM concluded the amount of financing needed for bankruptcy would dwarf the \$30 billion in aid the automaker has requested and the process would take too long.

"The plans don't contain many surprises: The core of the loan request is that each company still has a viable business that is going through some cash flow issues," said Jesse Toprak, senior analyst at Edmunds.com. "Expecting Chrysler and GM to create massive restructuring plans within a matter of a few weeks during some of the most volatile market conditions in history was simply not realistic."

Wagoner said GM might need additional loans in 2013 and 2014 depending on the valuations of its pension obligations. GM's pensions were underfunded by \$13 billion at the end of last year.

GM has until March 31 to make progress on the plan, particularly in extracting concessions from the United Auto Workers and bondholders. If GM fails to show sufficient progress, the Treasury Department could recall the loans, forcing bankruptcy.

Howes

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of GM (\$16.6 billion more in loans and credit lines) and Chrysler (\$5 billion) will fuel talk in Washington and around the country that both companies should head straight to bankruptcy court. The challenge for the Obama administration is weighing the cost of Detroit's bankruptcy, including government-backed warranty guarantees and debtor-in-possession financing, against the cost to a lackluster economy in jobs and consumer confidence.

Either way, Detroit's nightmare continues. This is what a long, dark night for the communal soul looks like. There's a quest for finality that never seems to come, a search for stability amid economic drift, a

hunger for certainty in wacky business conditions navigated by leaders who aren't sure exactly what to do next.

None of it comes. All we seem to know — the "we" being those who exist in the shrinking shadow of Detroit's automakers — is that the next deadline will bring more of less. More jobs lost, more plants closed, more production cut, more brands rationalized, more benefits diluted, more pay reduced, more scorn and *Schadenfreude* from others.

Politics will slow process

And the next deadline is bringing more of less, as the details of the plans from GM and Chrysler attest. Dire outlooks from early December are even worse now, exacerbated by collapsing sales in the key global markets that essentially have financed massive losses in the

United States for GM and Ford Motor Co. Not anymore.

Now, politics intrude. An unstated message from Team Obama is that the Detroit Problem, growing worse each month, is too big and too complicated to warrant the kind of crisp, painful solutions that a "car czar" or bankruptcy judge could deliver. Instead, the industry's workout will be overseen by a panel of bureaucrats likely to be the antithesis of crisp solutions.

"The more politicized the process becomes, the less likely there is to be a near-term solution," says John Casesa, managing director of the Casesa Shapiro Group in New York. "I don't know when you'll get it because clarity is going to be painful for a lot of people."

The result: An American-owned auto industry wallowing in an automotive purgatory somewhere between bankruptcy

and nationalization. The companies steadily shrink, their mounting troubles only serving to destroy capital and undermine further their brands and corporate reputation.

An argument against bankruptcy, beyond the likely cost to jobs, dealers and communities, is that the process would tarnish Detroit's brands. Forget Chapter 11: As Hummer disappears by the end of the quarter, followed soon by Saab if the Swedes don't engineer their own rescue, why wouldn't this archly political process damage GM's remaining brands? It will.

Detroit is America's story

This is not just a Detroit story anymore, in form anyway. It's a localized metaphor for a nation now slouching toward a kind of bleak recession that Michigan has been living for most of this decade. The worst part: It'll end

when it's over.

No one, not even the smart guys on Wall Street and in college economics departments, knows when a chorus will renew calls to let Detroit die, as if it's a disembodied universe out of a Mad Max movie populated by losers, dolts, people who don't matter.

Except this: we are you, America, in some uncomfortable ways. The culture here glorifies the good ol' days, undervalues education, embraces victimhood and looks for easy solutions to difficult problems (see Detroit's automakers and the United Auto Workers). But the past few months look like America is getting Detroit-ified, too.

When the markets were in free-fall last autumn, a bipartisan coalition in Congress backed the Bush White House plan to bail out the people who helped cause the mess. TARP I was born. Then more bailouts. Then TARP II.

Then the Obama stimulus package, signed Tuesday.

The point is that the Bigger America also is looking for the kind of certainty and stability that has been eluding the Detroit Bubble for a lot longer. And it's not coming — at least not yet — because we haven't found bottom.

Detroit's deepening business troubles, fast becoming America's, too, are a cautionary tale for a country beset with the legacies of its own financial overreach. We wrote the screenplay for that movie here, starring Detroit auto execs, UAW leaders and a whole lot of people who ignored the changes around them because it was too hard to change.

See where it got us.

Daniel Howes' column runs Tuesdays, Thursdays and Fridays. He can be reached at (313) 222-2106 or dhowes@detnews.com or detnews.com/howes.

Carmakers

Continued from Page 1A

of our initial plan, the condition of the U.S. and global economies and the auto industry has significantly deteriorated," GM Chairman and Chief Executive Officer Rick Wagoner said at a news conference after the company submitted its plan.

"This is significantly more aggressive," he said of the plan, "because it has to be."

GM will cut nearly 50,000 jobs worldwide in an effort to return to profitability within two years and begin repaying the loans in 2012. Most of those job cuts will come from GM's overseas operations.

But GM also is increasing the number of U.S. job reductions and plant closures beyond the deep cuts outlined Dec. 2 in its original loan request. It will shutter 14 U.S. factories, five more than it announced in December.

GM has received \$13.4 billion in the past seven weeks but said it needs \$2 billion more in March and \$2.6 billion in April to stay afloat. It may need as much as \$16.6 billion under a new worst-case scenario that reflects the deepening of a now global recession.

Chrysler, the smallest of Detroit's automakers, submitted a plan calling for 3,000 more job cuts and said it needed \$5 billion more in the next few weeks to stay in business.

But it said its most promising option was to form an alliance with Italy's Fiat SpA. They are in talks.

Tuesday's loan requests, attached to viability plans required by terms of the \$17.4 billion in loans they already received, would amount to \$39 billion for the two companies, not counting requests for government aid from their suppliers.

GM also expects \$6 billion in aid from foreign governments and up to \$8.3 billion from an Energy Department program to encourage cleaner, more advanced vehicles. It also could get \$4.5 billion to speed payments to its suppliers under a separate Treasury Department program.

"I'm very concerned about the slope that we're going down," Sen. Bob Corker, R-Tenn., a harsh critic of the industry, said on CNBC.

Politicians have criticized Detroit's automakers for running sloppy businesses and producing gas-guzzlers that consumers don't want to buy, but the severity of this downturn is hobbling even the world's strongest automakers.

Toyota Motor Corp., Nissan Motor Co. and Daimler AG have all reported losses for the October-December quarter.

"There has been an unprecedented decline in the automotive sector," since early December when Chrysler first requested \$7 billion in loans, Chairman Robert Nardelli told reporters.

He said the automaker now expects U.S. auto sales to fall this year

to 10.1 million, "which is a 40-year low for our industry."

Rep. John Dingell, D-Deerborn, said the plans contained "dramatic measures" in addition to previous cost cuts. "These changes are painful for everyone involved, and the days ahead are going to be very difficult."

GM and Chrysler addressed the possibility of reorganizing under bankruptcy — an option that some analysts and lawmakers have recommended.

But they rejected that route. GM President and Chief Operating Officer Frederick Henderson said the money GM would need from the government to operate under a Chapter 11 bankruptcy filing runs up to \$100 billion.

But the two automakers still face major hurdles in their efforts to achieve the cost-saving targets set by the government by the March 31 deadline.

GM has run into resistance from its bondholders in its effort to get them to exchange debt for equity. GM and Chrysler are still in negotiations with the United Auto Workers union on the financing for retiree health care funds.

The White House said Monday that a task force headed by U.S. Treasury Secretary Timothy

Geithner and Laurence Summers, director of the National Economic Council, would oversee the industry's restructuring.

"We appreciate the effort that these companies and their stakeholders have made, and the president's team will be reviewing these reports closely in the days ahead," White House spokesman Robert Gibbs said in a statement.

"It is clear that going forward, more will be required from everyone involved — creditors, suppliers, dealers, labor and auto executives themselves — to ensure the viability of these companies."

In its plan, GM tried to strengthen its case by referring to the collapse of Lehman Brothers — an event that many analysts believe led to a massive downturn on Wall Street and the credit crunch that spread through the economy.

"The systemic risk to the automotive industry and the overall U.S. economy are considerable, just as the bankruptcy of Lehman had a ripple effect throughout the financial industry," GM said.

The GM and Chrysler plans are based on expectations of a slow recovery in demand. GM has lowered its break-even point to a sales rate of 11.5 million to 12 million vehicles from a range of 12.5 million to

13 million. Chrysler's plan assumes sales averaging 10.8 million cars and light trucks annually through 2012, compared with 16.1 million in 2007.

"Chrysler and GM are both laying out worst-case scenarios on a global basis," said David Cole of the Center for Automotive Research in Ann Arbor. "You aim low, and if sales are higher, then you've got a good story to tell."

In its original \$18 billion request, GM assumed that it would be able to refinance a \$4.5 billion revolving credit line due in 2011. GM no longer believes that is possible and is asking the government to supply \$4.5 billion in additional loans, plus a \$7.5 billion revolving line of credit if the market continues to deteriorate.

GM previously said it would cut or shrink several brands, including Saab and Hummer, and focus on four core brands: Chevrolet, Cadillac, GMC and Buick.

Several parties are interested in Hummer, GM said, and it will

strike a deal by the end of March or wind down the business. GM also is trying to negotiate a deal for its Saab carmaker with the Swedish government.

Alternatively, GM said the unit might file for reorganization.

Chrysler will make further cuts to its lineup, eliminating the Dodge Durango and Chrysler Aspen SUVs and the PT Cruiser.

Anthony Morris of Warren, an employee at Chrysler's Warranty Center, said workers have already made concessions but expect they will be asked to make more.

"This is a time of uncertainty," Morris said during a lunch break at a nearby restaurant. "I have no Plan B. Some workers who have been displaced have not been finding any kind of job. And I mean even outside of the industry. There are no jobs."

Detroit News Staff Writers Alisa Priddle, Robert Snell, Nathan Hurst and Gordon Trowbridge contributed to this report.

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OBAMA FORCES WAGONER OUT

CHRYSLER GETS 30 DAYS TO COMPLETE FIAT DEAL, GM 60 DAYS TO RESTRUCTURE



BY CHRISTINE TIERNEY
AND DAVID SHEPARDSON
The Detroit News

In a dramatic development on the day before President Barack Obama was to unveil his plan for the auto industry, General Motors Corp. Chairman and CEO Rick Wagoner stepped down after the administration asked him to resign. Obama has said he wants to help the U.S. auto industry and is offering GM and Chrysler LLC fresh short-term aid,

Howes: Wagoner became easy target. 10A
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Editorial: Obama wants to run GM. 15A

but he faces mounting public opposition to industry bailouts.

"From the government's perspective, they had to show a visible form of sacrifice," said David Cole, chairman of the Center for Automotive Research in Ann

Please see Wagoner, Page 10A

Key findings of Obama's auto task force

- GM and Chrysler restructuring plans did not establish a credible path to viability.
- GM must continue to cut costs and change leadership.
- GM gets aid in form of working capital for 60 days to develop a new plan.
- Chrysler cannot succeed as a stand-alone company.
- Chrysler gets working capital for 30 days to try to finish a deal with Fiat SpA.
- Bankruptcy is still an option for both.
- Government will guarantee vehicle warranties and help workers and communities reliant on the auto industry.

The Detroit News

Monday, March 30, 2009 Metro Edition

SEPARATE
**SPORTS
SECTION**
EVERY DAY

Oakland out to lure auto show

Patterson sizes up 3 sites, says he's fed up with Cobo fight

BY SANTIAGO ESPARZA
AND CATHERINE JUN
The Detroit News

Oakland County Executive L. Brooks Patterson has vowed to lure the North American International Auto Show to Oakland County if a Wayne County judge today blocks the transfer of Cobo Center to a regional authority.



Patterson

"If this thing goes down, I'm done," Patterson said. "I'm not going to go back to Detroit to try to resurrect the deal. Five years is enough."

Patterson said Friday he has already talked to owners of three unnamed Oakland County facilities that are either large enough or could be expanded to host the show, which is the prize event held each year at the aging Detroit exhibition center.

He declined to identify the competing venues — Cobo Center has 700,000 square feet, far more than any similar space in Oakland County — but added auto show organizers were "amenable" when he shared his idea.

Patterson could announce his plan Tuesday, but his posturing already has rattled those with a stake in Cobo.

"He's bullying us as usual," Councilwoman Barbara-Rose Collins said on Sunday. "He just wants everything on his own terms."

Wayne County Executive Robert Ficano, who has worked to find regional funding for Cobo's expansion, characterized Patterson's latest proposal as "showboating."

"We need regional players who are going to push our projects forward and stop inflaming the issues on both sides," Ficano said.

Wayne Circuit Judge Isidore Torres is expected to rule this morning on the City

Please see Auto show, Page 13A

MSU DRIVES TO FINAL FOUR



Daniel Mears / The Detroit News

Michigan State coach Tom Izzo joins his players in a group hug near the end of the game against the Louisville Cardinals.

SPARTANS WIN BIG FOR DETROIT

Indianapolis — It could not have been more perfect. It could not have been more complete. Michigan State played with its eyes straight ahead, affixed on a destination a year in the making, or a lifetime in the making. And now, it's hard to imagine a Final Four more tantalizing than the one Detroit just landed.

Michigan State wasn't expected to get past hot No. 1 overall seed Louisville, but if you watched them in a remarkable performance Sunday, you saw what everyone saw — there was no way they'd be stopped.

So the Final Four at Ford Field will have a magnificent splash of green, just as Tom Izzo and his team dared to believe when the



BOB
WOJNOWSKI

season began. In a game all about a journey, Michigan State thrashed Louisville, 64-52, to win the Midwest Regional and earn a shot at another behemoth, Connecticut, on Saturday night.

This made no sense — dismantling the favored top seed? — and perfect sense at the same time. While the Spartans wanted this desperately, staggered Detroit just as desperately needed the boost of home-state flavor. With one tough green team joining blue-

Please see Wojo, Page 7A

Party time: East Lansing revels in win. 7A
More inside: Full coverage in Sports. 1B

Final Four at Ford Field



(2) Michigan State vs. (1) Connecticut
6:07 p.m. Saturday
TV/radio: CBS/1270



(3) Villanova vs. (1) North Carolina
8:47 p.m. Saturday
TV/radio: CBS/1270



Daniel Mears / The Detroit News

Kilpatrick, Beatty — their jail woes

Detroit — Former Detroit Mayor Kwame Kilpatrick complained of the chill and former Chief of Staff Christine Beatty refused to eat Apple Jacks while in jail, according to documents obtained by The Detroit News.

Beatty also complained about having a bad mattress and refused to eat beef or pork, according to logs that detail the twosome's recent stays in the Wayne County Jail.

Officials frequently checked the temperature in Kilpatrick's cell after his complaints, the records show, and moved to accommodate Beatty's dietary needs.

METRO, 3A

Nursing home killing spree shocks N.C. town

Carthage, N.C. — A 45-year-old man is behind bars after police say he barged into rooms at a nursing home Sunday and just started "shooting everything." The rampage left seven elderly residents and one nurse dead. The suspect had no known connection to the nursing home.

NATION & WORLD, 12A

It's a new day at The News

We're launching a new Detroit News today. In addition to the delivery changes, we've redesigned and repackaged your daily newspaper. Among the features: A new Page 2A called Today's Buzz, a personal finance page called Your Money and a separate Sports section every day.

EDITOR'S NOTE, 3A;
READERS' GUIDE, 1C

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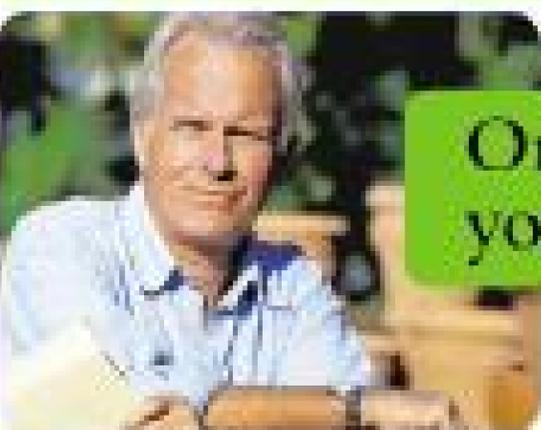
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Wagoner takes the fall for GM

Auto task force's close look at company leads to decision that management is to blame

As soon as President Barack Obama began using the words "failed management" in connection with the prospect of more federal aid for General Motors Corp., CEO Rick Wagoner's days were numbered.



DANIEL HOWES

company." Devotion may be necessary, to borrow a favorite Wagoner locution, but it clearly is not sufficient and hasn't been for some time. In a call Sunday with GM's automotive strategy board, less than a day before Obama's expected announcement of his conditions for

supporting GM and Chrysler LLC, Wagoner told the executives "the White House asked him to resign" and indicated that President Fritz Henderson would be "in charge."

The steep downside of federal involvement for Wagoner, Henderson and the remaining management team is that their desperate pleas for a lengthened federal lifeline gave Obama's auto task force awarts-and-all inside look at GM's books, its products, its strengths and weaknesses and — most of all — its mistakes.

The 56-year-old Wagoner is expected to step down immediately, sources confirm, a casualty of management mistakes real and perceived, a free-falling national economy and a political zeitgeist that simply won't tolerate more taxpayer-financed "bailouts" without some very public hangings.

Wagoner is one. "If you read the tea leaves, you saw this coming — especially with the shots this White House is taking at management," an industry executive close to the situation told me Sunday. Wagoner "was totally devoted to trying to fix this

It allowed task force members to hear how little faith bondholders have in Wagoner, CEO since 2000, to steer a leaner, smaller GM into an all-new competitive world where the "Detroit way" simply could no longer survive.

It enabled Team Obama to learn from United Auto Workers President Ron Gettelfinger, the industry's most influential voice in Washington, the details of his mistrust for Wagoner — and his strong support for Henderson, the presumptive successor to the CEO.

It focused politically charged attention and understandable second-guessing on GM's aborted global alliances (Suzuki, Isuzu, Fuji Heavy Industries and Fiat SpA), its chronic money-losing brands (Saab, Saturn and Hummer, among others), and Wagoner's nice-guy penchant for backing members of his executive team long after their failures had become apparent.

Worse, for Wagoner, the task force gave the president and Treasury Secretary Tim Geithner a set of facts that were largely free of GM's customary corporate filter and that closed the distance between the reality of Detroit

and the perceptions of Washington.

Those facts, rightly or wrongly, provided justification to oust GM's CEO as a way to atone for the administration's botched handling of the \$165 million AIG bonus debacle just as Obama is scheduled to be in London for a crucial meeting of the G-20.

Don't think that won't score the new president points with his fellow heads of state, including German Chancellor Angela Merkel and British Prime Minister Gordon Brown. Both of their governments, among others in Europe, are weighing requests from General Motors-Europe for emergency funding to save jobs, and the departure of Wagoner is likely to make those discussions easier, not harder.

Ditto GM's protracted negotiations with bondholders and the UAW. In both cases, if for different reasons, Wagoner is more identified with GM's problems than its successes, a CEO whose tenure coincided as much with the automaker's slow response to domestic troubles as it did with GM's impressive performance overseas.

Bottom line: One of the most decent

guys ever to run a car company in this town, arguably too decent, emerged as an obstacle to a politically defensible auto deal the Obama White House clearly wants to engineer.

Why? Because the alternative — a GM Chapter 11 bankruptcy filing — is too unpredictable for the effect it could have on suppliers, would-be customers, consumer confidence and the politics of the economy. Wagoner's job, the political calculus goes, is a small price to pay if his departure speeds a resolution that would avert a larger economic calamity.

For all the support he still enjoys amid GM's salaried ranks, Wagoner's tenure was marked by unfulfilled promises, massive corporate losses, destroyed credit ratings, the insignificant value of GM shares, tens of thousands of jobs lost and the gutting of GM's sprawling operations.

All true. Why it's true doesn't much matter anymore.

Daniel Howes' column runs Tuesdays, Thursdays and Fridays. (313) 222-2106 dchowes@detnews.com

Wagoner

Continued from Page 1A

Arbor and the son of a former GM president. "At one level I'm surprised, and at another level, not at all."

Obama told four Michigan members of Congress on a conference call Sunday that GM President and Chief Operating Officer Frederick Henderson would run the company for the time being, according to a source familiar with the situation.

Henderson, 50, a GM veteran who has led the automaker's European and Chinese operations, has been carrying out the company's restructuring on a day-to-day basis and knows the leaders of Obama's auto task force.

GM did not confirm the news and officials would not comment on who might succeed Wagoner, 56, a GM lifer who became the company's chief executive in 2000 and chairman in 2003.

Industry experts credit Wagoner with pushing through reforms and a landmark labor contract at the 100-year-old automaker, but he may have moved too slowly.

"If you can criticize Rick, it's that he was incremental by nature," said Jeremy Anwyl, chief executive officer for the automotive research site Edmunds.com. "Step by step they were moving forward but they ran out of time."

After losing \$82 billion since 2004, GM is subsisting on federal loans as it struggles through one of the most perilous stretches in its history. The company has received \$13.4 billion from the government and is seeking up to \$16.6 billion more.

The government said late Sunday it will provide GM with an unspecified amount of working capital over the next 60 days.

According to sources familiar with Obama's call with Michigan lawmakers, the president said there would be no immediate management changes at Chrysler, which will receive aid for 30 days as it moves to conclude an alliance with Italy's Fiat SpA.

Obama is scheduled to publicly outline his strategy for the American auto industry today in Washington.

An administration official said Sunday that Steve Rattner, who effectively ran the presidential task force, told Wagoner in a meeting Friday at the U.S. Treasury Department that the administration wanted him to step down.

"I think the need for something symbolic was pretty strong, and this certainly qualifies," Anwyl said.

In its assessment of GM's restructuring plan submitted on Feb. 17, the task force concluded that the plan was not viable, that GM needed a change of leadership, including changing most of the directors on its board.

It also said GM's plans did not go far enough, and it still has too many nameplates. It also said that while the Chevrolet Volt extended-range electric vehicle looks prom-

ising, it will probably be too expensive to be commercially successful initially.

Wagoner, who had agreed to work for \$1 a year, is barred from getting a golden parachute or a big severance package under the terms of the government's Troubled Asset Recovery Program.

Earlier on Sunday, on one of the morning news shows, Obama said he believed the U.S. auto sector could be restructured to become a successful industry.

"But it's got to be one that's realistically designed to weather this storm and to emerge at the other end much more lean and mean and competitive than it currently is," he said on CBS's "Face the Nation." "And that's going to mean a set of sacrifices from all parties — management, labor, shareholders, creditors, suppliers, dealers."

He acknowledged that Detroit's automakers had taken measures to address "longstanding problems in the auto industry and the current crisis, which has seen the market for new cars drop from 14 million to 9 million.

"Everybody's having problems, even Toyota and other very profitable companies," he said.

But GM is suffering more than the overall industry, and some analysts say the talk of government bailouts and even possible bankruptcy is hurting the automaker in the marketplace.

So far this year, GM's U.S. sales are down by more than half, compared with the market's overall 39 percent decline, and GM's share of the market has dropped to 18.2 percent from 22.7 percent a year ago.

During Wagoner's tenure, GM lost the title of being the world's largest automaker, a position it had held for 77 years.

Accustomed to being treated as one of the country's top business leaders, Wagoner was subjected to intense grilling late last year on Capitol Hill as he sought federal loans to keep GM afloat.

The automaker began to run low on cash even though it has dramatically reduced its North American operations through a series of restructuring plans. The latest calls for the elimination of 47,000 jobs, 14 plant closures and the selling, shrinking or winding down of the Saturn, Saab, Hummer and Pontiac brands.

But the restructurings failed to make GM efficient enough to withstand a severe downturn that knocked auto sales to their lowest levels in 27 years.



Keith Srakocic / Associated Press

President Barack Obama sought the resignation of General Motors' Chairman and CEO Rick Wagoner as part of the automaker's restructuring.

"(IT'S) GOING TO MEAN A SET OF SACRIFICES FROM ALL PARTIES — MANAGEMENT, LABOR, SHAREHOLDERS, CREDITORS, SUPPLIERS, DEALERS."

President Barack Obama, on the auto industry's survival on CBS's "Face the Nation"

GM under Wagoner

Some key events in Wagoner's tenure at General Motors:

<p>June 2000: Wagoner becomes president and chief executive officer of GM, adding chairman title in May 2003</p>  <p>Getty Images</p>	<p>2006: GM sells 51 percent stake of GMAC, its finance arm, to Cerberus Capital Management LP, raising \$14 billion over three years</p>	<p>2007: GM and the United Auto Workers reach a deal after a brief strike that shifts billions to the union in a health care trust fund and provides for two-tier wages</p>	<p>2007: Chevy Volt concept makes its debut in San Francisco</p>  <p>Detroit News archives</p>	<p>2008: GM celebrates its 100th birthday</p>	<p>2009: As part of its viability plan, GM says it needs to eliminate 47,000 workers, shutter 14 plants and sell, shrink or kill its Saturn, Hummer, Pontiac and Saab brands; says it needs \$13.4 billion more in federal aid, including \$2.6 billion by the end of April to stay afloat</p>
<p>2000: GM announces plans to phase out Oldsmobile, which Wagoner says was one of the toughest things he'd ever done as an executive</p>	<p>2000: GM acquires remaining stake in Saab</p>	<p>2002: GM acquires bulk of Daewoo Motor and launches new company, GM Daewoo Auto & Technology</p>	<p>2008: GM receives \$4 billion in federal aid, staving off a collapse of the company; it later gets two more payments: \$5.4 billion in January and \$4 billion in February</p>	<p>2008: Wagoner and his colleagues from Ford Motor Co., Chrysler LLC and the UAW testify on Capitol Hill and get skewered by members of Congress who say the executives are out of touch</p>  <p>Getty Images</p>	<p>2009: 7,631 hourly workers take the third and final buyout offer GM says it will make to trim its blue collar work force; the company plans to trim its white-collar work force by 10,000</p>

Source: Detroit News research

In spite of the company's troubles and the stock's recent plunge to a 75-year-low below \$2, Wagoner retained the support of the board of directors.

One of the board members, Kent Kresa, the chairman emeritus of defense contractor Northrop Grumman Corp., will serve as interim chairman.

ctierney@detnews.com. (313) 222-1463

Robert Snell contributed to this report.



Henderson is scheduled to publicly outline his strategy for the American auto industry today in Washington.

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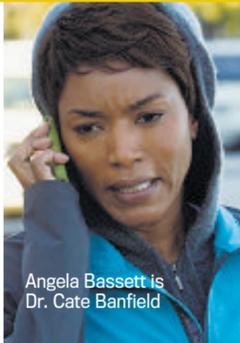
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ARTS, 11A



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SPORTS, 1B



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SEPARATE SPORTS SECTION EVERY DAY

The Detroit News

Tuesday, March 31, 2009 Metro Edition

GM, CHRYSLER IN CRISIS

FEDS: BANKRUPTCY MAY BE BEST OPTION



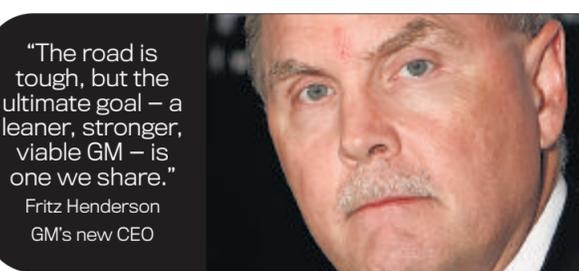
Gerald Herbert / Associated Press

President Barack Obama announces federal control of General Motors Corp. and Chrysler LLC on Monday with, from left: Budget Director Peter Orszag, Transportation Secretary Ray LaHood, Treasury Secretary Timothy Geithner and Ed Montgomery, who will oversee aid to affected auto communities.

President becomes CEO-in-chief

President Obama says he wants to save America's auto industry. He says General Motors Corp., under a new CEO, has 60 days to sharpen its restructuring or submit to bankruptcy. He's giving Chrysler LLC 30 days to complete an alliance with Fiat SpA of Italy lest Detroit's No. 3 carmaker find itself in a federal court. But what the president didn't say Monday, as he detailed his administration's prescription for Detroit's two sickest automakers, is what he actually did — oust a sitting CEO, GM's Rick Wagoner, and begin the process of remaking a board of directors deemed to have done too little, too late to prevent

Please see Howes, Page 7A



Manan Vatsyayana / Getty Images



"Chrysler will operate 'business as usual' over the next 30 days."

Robert Nardelli
CEO of Chrysler LLC

Paul Sancya / Associated Press

MORE AUTO COVERAGE

- On the brink:** Quick tie-up with Fiat is the key for Chrysler. **6A**
- Next step:** GM bondholders face tough concession talks. **7A**
- Key execs:** Board member, GM veteran, academic to lead. **8A**
- Online:** Coverage of auto industry crisis at detnews.com/autos. **dn**

BY DAVID SHEPARDSON AND GORDON TROWBRIDGE
Detroit News Washington Bureau

Washington — President Barack Obama asserted sweeping control over the fate of General Motors Corp. and Chrysler LLC on Monday, grimly warning they may be forced into a short-term bankruptcy in the coming months.

"We also cannot continue to excuse poor decisions," said Obama, flanked by a dozen key advisers at a White House event unveiling his plans. "And we cannot make the survival of our auto industry dependent on an unending flow of tax dollars. These companies — and this industry — must ultimately stand on their own, not as wards of the state."

Obama gave Chrysler working capital for 30 days to complete a tie-up with Fiat SpA — and offered \$6 billion in additional loans to make it work. If a deal isn't completed, Obama vowed to cut off Chrysler from additional government assistance.

His spokesman, Robert Gibbs, said the government could back a tie-up with another partner, if a Fiat deal doesn't gel.

GM, whose chairman and CEO, Rick

Please see Autos, Page 6A

Judge gives Cobo deal another chance

Detroit — A judge has delayed his ruling on whether to block the transfer of Cobo Center to a regional authority so Detroit City Council members and Mayor Kenneth Cockrel Jr. can work on a compromise.

Observers say options include boosting the city's representation on the authority or maintaining ownership of Cobo, but leasing it to the authority. "I don't believe either side could agree on any other changes," Wayne County Executive Robert Ficano said. Oakland County Executive L. Brooks Patterson has vowed to announce an alternative site for the show in his county if the Cobo plan falls through.

METRO, 3A



John T. Grelick / The Detroit News

Detroit Mayor Kenneth Cockrel Jr. and the City Council may try to compromise on Cobo plans.

Detroit papers to put news in reach with electronic 'readers'

Detroit — Detroit News and Free Press subscribers will soon have access to portable electronic "readers" that will enable them to take their news source with them from the breakfast table, to work and back home to an easy chair. Announcement of the technology came Monday, as the two newspapers distributed 500,000 free copies, launching their new delivery system.

BUSINESS, 7B

Detroit police crime lab problems may affect drug case

Detroit — Problems with the Detroit police crime lab — already creating headaches for Wayne County Prosecutor Kym Worthy — are now rearing their head in federal court. Lawyers for Vincent Crockett, a Detroit police officer charged with stealing cocaine from an evidence room and replacing it with corn starch, say crime lab problems also make evidence in his case unreliable.

METRO, 3A

What's in a name at Metro Airport? Not Northwest

Romulus — Flight attendants, pilots and gate agents at Detroit Metropolitan Airport traded their Northwest Airlines duds for Delta uniforms Monday, as Metro completed its transformation from NWA's largest hub to Delta's second-largest. And free snacks are back in coach. The two merged in October.

BUSINESS, 7B

Pop one pill, replace a handful of heart drugs

Orlando, Fla. — A "one-size-fits-most" pill that combines aspirin and four blood pressure and cholesterol medicines could make heart disease prevention much more common and effective, doctors say.

NATION & WORLD, 14A

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Report: Volt won't power GM past Toyota

BY SCOTT BURGESS
The Detroit News

The Chevrolet Volt may wow the media when it arrives in dealerships next year, but the Obama administration believes the plug-in electric car will cost too much and won't attract enough buyers.

"While the Volt holds promise, it will likely be too expensive to be commercially successful in the short-term," the administration said in its evalua-

tion of General Motors Corp.'s restructuring plan. The car "is currently projected to be much more expensive than its gasoline-fueled peers and will likely need substantial reductions in manufacturing cost in order to become commercially viable."

The analysis was a significant blow to GM. Since the vehicle's unveiling at the 2007 Detroit auto show, the Volt has helped GM reshape its image as a more environmentally conscious com-

pany. GM parlayed the Volt into massive media coverage and has invested heavily in the program.

Despite the administration's assessment, GM remains committed to the Volt and will begin production next year. The car will drive about 40 miles on batteries only; then a gas engine will act as a generator and extend its range for hundreds of miles more.

Please see Volt, Page 7A

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Brandy Baker / The Detroit News

Workers file in Monday at the Chrysler Truck Assembly plant in Warren. The Obama administration concluded the automaker is not viable by itself.

Task force: Chrysler will not survive alone

Government gives automaker 30 days to finalize alliance with Fiat

BY ALISA PRIDDLE
The Detroit News

Chrysler LLC, with a history of near-death experiences, faces yet another one with no guarantee the automaker will survive this time.

The Obama administration concluded that Chrysler cannot make it as a standalone company and rejected its bid for another \$5 billion in immediate aid. The automaker's future hinges on whether it can conclude a partnership deal with Italy's SpA in the next 30 days, and eliminate its debt, to become eligible for \$6 billion in federal loans.

In the half-empty halls in Auburn Hills, employees are stinging from the administration's analysis, but take comfort in knowing that a Fiat alliance is Chrysler's preferred course. "We are pleased that Chrysler, Fiat and Cerberus have reached agreement on a framework of a global alliance, supported by the U.S. Treasury," Chrysler said in a statement. "Chrysler has consistently said that the alliance with Fiat enhances its business model that expands its global competitiveness."

Fiat Chief Executive Sergio Marchionne on Monday reiterated Fiat's commitment to a deal.

"I would like to publicly thank

President Obama for his encouragement to finalize a sound alliance between Chrysler and Fiat," Marchionne said in a statement.

Cerberus Capital Management LP has agreed to give up its 80.1 percent stake in Chrysler upon completion of a successful Fiat-Chrysler deal. The private equity firm would retain ownership of Chrysler Financial LLC, and previously pledged the first \$2 billion in profits to repay a federal cash infusion, although that is an agreement in principal only, a person familiar with the matter said.

But hurdles remain to a Chrysler-Fiat partnership on both sides of the ocean. Some analysts see the next 30 days as prelude to a bankruptcy; others worry that this is the last of Chrysler's lives.

The only options for Chrysler are partnership or liquidation, said Sean McAlinden, chief economist for the Center for Automotive Research in Ann Arbor. "It's a death threat at the end of the month."

A month is not much time to combine everything from financing to product lines and cycle plans, said analyst Laurie Harbour-Felax, president of the Harbour-Felax Group in Berkley.

The task force also is demanding that Chrysler eliminate vir-

Chrysler deemed not viable

- Lacks scale to stay competitive in product development and purchasing
- Quality lags industry
- Lacks small cars and engines to meet fuel-efficiency standards
- Not invested sufficiently in manufacturing
- Limited international markets
- Plan based on current market share deemed unrealistic
- Chrysler Financial unable to provide adequate financing
- 30-day deadline to complete alliance deal with Fiat
- \$6 billion possible if partnership finalized; if not, no funding

More online

- Read the Chrysler Viability Assessment.
- Find previous reports.
- Post in the Autos Talk forum.

Go to detnews.com/autos.



tupty, knowing the end result would be an equity stake in a company that has shed debt.

In Italy, Marchionne must convince the Fiat board it is a good business plan to assume less than 35 percent equity in Chrysler and pay to retrofit its plants to build Fiats. And he must convince the Italian government that its investment in a restructured Fiat would not pose unnecessary risk. In the U.S., "it's ironic because people were worried that Chrysler wouldn't get any government money because of Fiat's involvement and now the government's coming back and saying you're not getting any money unless Fiat is involved," Bragman said.

Harbour-Felax is more optimistic. Chrysler's new plans to close two more assembly plants in North America and five engine/transmission/axle plants by 2014, along with the thousands more workers expected to take buyouts, might prove to be enough additional restructuring.

The Canadian government on Monday also concluded Chrysler's Canadian operations are not yet viable and do not qualify for the full \$800 million (C\$1 billion) in aid sought. Chrysler was given \$200 million (C\$250 million) and told to complete concession talks with the Canadian Auto Workers. Negotiations broke off Friday, but resumed late Monday.

apridde@detnews.com
Staff Writers Christine Tierney and David Shepardson contributed.

tually all secured and unsecured debt, which analyst Aaron Bragman of IHS Global Insight in Troy pegs at \$6 billion to \$8 billion.

"I don't see how they can do it without bankruptcy," Bragman said. He thinks the government is preparing for the worst with programs to protect the receivables of suppliers and consumer warranties in the event of bankruptcy.

He thinks Fiat would willingly join Chrysler in filing for bank-

ruptcy and elsewhere that almost certainly face the prospect of even tougher times to come.

And to reassure customers, the government will back the warranties of GM and Chrysler vehicles, in the event either automaker fails.

Obama also said he supports proposals pending in Congress for a "cash for clunkers" program that would provide incentives for new car purchases.

But in Capitol Hill, the automakers' clout in Congress has sharply diminished — with Republicans opposed to a bailout and some Democrats angry about auto industry opposition to environmental regulations.

"We are now told these two companies are getting their last check from the taxpayers, and that if they don't finally come up with truly viable plans, then they'll be forced into bankruptcy. Unfortunately, we've heard this before from both this and the previous administrations," said Senate Minority Leader Mitch McConnell, R-Ky.

The president pledged to aid workers and communities in Mi-

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Auto troubles send gov on media blitz

She's on 10 national TV news shows to discuss GM's woes

BY MARK HORNBECK
Detroit News Lansing Bureau

Lansing — President Barack Obama's message to automakers Monday was a grim one for the industry, but it made a media mega-star out of Gov. Jennifer Granholm for a day.

Michigan's chief executive appeared on 10 national news shows to talk about the president's tough stance on the auto companies.

She started with NBC's "Today" show in the morning and culminating with Charles Gibson on ABC's "World News Tonight" in the evening. She turned down many other requests, aides said.

It was the busiest day ever on the news show circuit for Granholm, who has popped up on national media regularly in recent months, as chief executive of the down-trodden autos state.

"I think it is safe to say that it is the busiest," said Megan Brown, a spokeswoman for the

governor. One day in November, when Granholm was named to Obama's economic transition team, she did five interviews, including CNN's "Larry King Live," Brown said.

Granholm did morning interviews from WKAR-TV studios in East Lansing and afternoon appearances at a private production studio in Detroit. Her appearances included interviews on three Detroit newscasts.

She commented early in the day that ousted General Motors Corp. CEO Rick Wagoner was a "sacrificial lamb" in the automakers' bid for continued federal help. But she toned that rhetoric down later, as reporters tried to portray her as being at odds with the president — and leader of her party.

"I understand the desire to have a fresh start," Granholm told TV interviewers in late afternoon.

"Rick Wagoner would be first to say this really isn't about him, it's about the industry ... making sure we have a viable industry going forward."

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David Guralnick / The Detroit News

Gov. Jennifer Granholm speaks to job training providers Monday in Clinton Township. She spent most of the day on news shows.

Ford intrigued by Obama's program

BY BRYCE G. HOFFMAN
The Detroit News

Ford Motor Co.'s decision to pass on federal aid has saved it from the sort of government intervention that is remaking its crosstown rivals, but the Dearborn automaker said Monday it welcomes the Obama administration's moves to stimulate car and truck sales.

"We appreciate President Obama's commitment to the U.S. auto industry," Ford spokesman Mark Truby said. "Ford is in a different position and is not seeking emergency taxpayer assistance. However, we are taking decisive action to transform our business and win new customers."

Ford already has reached the sort of game-changing agreements with the United Auto Workers and bondholders that have so far eluded General Motors Corp. and Chrysler LLC. It says these deals will make it competitive with foreign rivals.

"In my book, Ford is the winner," said Gerald Meyers, an auto industry expert at the University of Michigan's Ross School of Business and the former CEO of American Motors. "Unless the

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market gets appreciably worse, Ford is going to come out looking stronger and more enlightened than the other American car and truck manufacturers."

He said Ford could still benefit as much as GM or Chrysler from the sort of fleet modernization program Obama talked about Monday.

Ford said it is intrigued by the success of a similar program in Germany that pays consumers to scrap their old vehicles for new, more fuel-efficient models.

"It's proven to be successful," Truby said. "We see it as a win for customers and a win for the environment. We're strongly supportive of it."

However, Ford executives have signaled they would not support a program that applies only to American automakers.

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Autos

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Wagoner, was forced out by the White House, must complete a revised restructuring plan in the next 60 days — as well as race to win concessions from bondholders and the United Auto Workers union.

The president's auto advisory team said a bankruptcy filing may be the "best chance of success" for both automakers, and some lawmakers and aides believe it is the leading option of the administration.

Scott Klein, mayor pro tem of Hamtramck, said Monday that auto task force adviser Ronald Bloom briefed municipal officials from several states Sunday night on details of the plan.

The officials are members of a lobbying group seeking additional aid for communities hard hit by auto job losses.

Klein said he was told the administration was considering using Section 363 of the federal bankruptcy code, which could allow for a fairly quick sale of the companies' assets. He described a significantly more pessimistic tone than that of administration officials in talking to the press.

"The president's people told us, at the end of the process, both GM and Chrysler are going into bankruptcy," Klein said.

"They made it sound like it was a done deal to us."

Obama said he is considering "using our bankruptcy code as a

mechanism to help them restructure quickly and emerge stronger."

"What I am talking about is using our existing legal structure as a tool that, with the backing of the U.S. government, can make it easier for General Motors and Chrysler to quickly clear away old debts that are weighing them down so they can get back on their feet and onto a path to success; a tool that we can use, even as workers are staying on the job building cars that are being sold," Obama said.

"What I am not talking about is a process where a company is broken up, sold off, and no longer exists. And what I am not talking about is having a company stuck in court for years, unable to get out."

The administration has taken a much tougher line with automakers than with Wall Street banks that have received hundreds of billions of dollars in loans — and are under no timetables to restructure or face liquidation.

U.S. Rep. Dale Kildee, D-Flint, blasted Obama's decision, saying Obama had been far more flexible with banks in trouble.

"The president has joined the chorus of caustic critics of the automotive industry while only giving faint praise to the high quality vehicles produced by the American manufacturers," he said. "This double standard is deeply offensive."

In addition to ousting Wagoner, Obama's auto team disclosed that a majority of the company's directors will be replaced. The administration plans to take a bigger role in advising the company

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